

## CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK)

### BOND AMENDMENT STAFF REPORT

**ISSUE:** The Los Angeles County Museum of Natural History Foundation requests amendments to certain provisions of the I-Bank Amended and Restated Indenture and Amended and Restated Loan Agreement in order to i) add a letter of credit as security for the 2007 Swap and collateral therefore, and ii) provide minor changes requested by rating agencies consistent with changing the rating to a “joint” rating.

#### **BACKGROUND INFORMATION:**

**2007 Bonds.** On March 21, 2007, the I-Bank approved Resolution 07-06 authorizing the issuance of a tax-exempt bonds in an amount not to exceed \$100,000,000 on behalf of Los Angeles County Museum of Natural History Foundation (Foundation). The Foundation is a not-for-profit corporation that supports the County of Los Angeles in the operation of three museums comprising the Natural History Family of Museums, including the Natural History Museum of Los Angeles County, the George C. Page Museum at the La Brea Tar Pits, and the William S. Hart Museum and Ranch in Newhall. The proceeds of the I-Bank’s 2007 bonds (2007 Bonds) were used to finance and refinance costs related to the seismic retrofit and renovation of the historic 1913 Natural History Museum building, the creation of new state-of-the-art galleries and exhibits, and the upgrade and renovation of additional museum buildings and exhibits. The 2007 Bonds were secured by a municipal bond insurance policy issued by XL Capital Assurance. The Staff Report dated March 21, 2007, and a copy of Resolution 07-06 are attached for a more complete description of the project and financing structure (see Exhibit A).

**2008 Refunding Bonds.** On March 27, 2008, the I-Bank approved Resolution 08-04 authorizing the issuance of bonds in an amount not to exceed \$100,000,000 (2008 Bonds) for the purpose of refunding of the 2007 Bonds and paying for related costs. The purpose of the refunding was to convert the 2007 Bonds from auction rate securities (ARS) to variable rate demand bonds. The downgrade of bond insurer for the 2007 Bonds, XL Capital, had resulted in significant interest rate increases on the 2007 Bonds. Bond insurance was terminated and the 2008 Bonds were secured by two direct-pay letters of credit (LOC). The LOC for Series 2008A was provided by Allied Irish Bank, P.L.C., and the LOC for Series 2008B was provided by The Bank of New York (collectively, the 2008 LOC Providers). The 2008 LOC Providers are secured by the same collateral securing the bondholders of the 2008 Bonds. As of September 1, major construction of the first phase is completed. This involved seismic, historic preservation and systems improvements to the original Natural History Museum. Phase 2 demolition of the north campus has begun. The Staff Report dated March 27, 2008, and a copy of Resolution 08-04 are attached for a more complete description of the project and financing structure (see Exhibit B).

**2007 Swap Agreement.** In addition to the issuance of bond insurance with the 2007 Bonds, the Foundation also entered into an interest rate swap agreement with CitiBank (2007 Swap). Upon the issuance of the 2008 Bonds, the 2007 Swap was assigned to JPMorgan Chase. The 2007 Swap requires the Foundation to set aside certain collateral as security, including cash. Currently the Foundation has posted approximately \$2.5 million dollars securing the 2007 Swap.

## **NEED FOR AMENDMENTS:**

Two types of amendments are requested by the Foundation to the 2008 Amended and Restated Loan Agreement (2008 Loan) and the 2008 Amended and Restated Indenture (2008 Indenture). Specifically, amendments are requested in order to allow the Foundation (i) to add an additional letter of credit by US Bank National Association (Parity Credit Provider) in place of the cash security requirement for the 2007 Swap and (ii) to add additional requirements as requested by the rating agencies in order to change the rating to a joint rating, resulting in a slightly higher rating on the 2008 Bonds.

As advised by bond counsel, the structure of the amendments are authorized pursuant to Section 9.01 of the 2008 Indenture and requires 30 days' prior notice to the bond holders and a determination that the amendments do not materially adversely affect the tax-exempt status of the 2008 Bonds. The requisite notice was sent to bond holders on September 18, 2009 and the tax-exempt determination will be made by bond counsel at the close of the transaction. The proposed amendments do not fit within the scope of the Executive Director's existing delegated authority, established by Resolution 08-35.

The amendments will benefit the Foundation by giving flexibility to retain cash for ongoing museum project and operational needs rather than reserving all cash in case it is needed collateral.

Amendments for Collateral Changes: Pursuant to the 2007 Swap, the Borrower is required under certain circumstances to post cash as security for the 2007 Swap. In lieu of posting cash, Borrower has determined it would be more beneficial to enter into a letter of credit with U.S. Bank as the Parity Credit Provider to provide the required security for the 2007 Swap. In order to include US Bank to issue the letter of credit securing the 2007 Swap, the following amendments to the 2008 Loan and 2008 Indenture will be made:

- Definitions in the 2008 Indenture will be amended and/or added, including definitions for and related to the addition of the Parity Credit Provider as a guarantor of the 2007 Swap;
- A Custodian will be retained to establish and maintain the Special Reserve Accounts and Collateral Accounts thereby relieving the Trustee of this responsibility;
- Parity Credit Provider will be granted a parity security interest in collateral available for the LOC Providers.

### Amendments Requested by Rating Agencies:

Borrower has requested the rating agencies (Standard & Poor's Ratings Services and Moody's Investors Service) to reissue the rating as a joint rating rather than solely based upon the 2008 LOC Providers' ratings. Credit ratings of "Aaa/VMIG 1" from Moody's Investors Service and "AAA/SP-1" from Standard & Poor's Ratings Services are expected based upon the joint credit rating of the Foundation and the LOC Providers. There is one amendment required to related to this rating change. The amendment is to require the Trustee to notify the Corporation in the event the LOC Providers fail to make required payments.

**RECOMMENDATION:** Staff recommends approval of Resolution 09-39 authorizing the provision of additional credit support and related amendments to the 2008 Amended and Restated Loan Agreement and the 2008 Amended and Restated Indenture of the California Infrastructure and Economic Development Bank Variable Rate Demand Refunding Revenue Bonds (Los Angeles County Museum of Natural History Foundation).

**Exhibit A – March 21, 2007 Staff Report and Resolution 07-06**

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank)  
501(c)(3) REVENUE BOND FINANCING PROGRAM**

EXECUTIVE SUMMARY			
Applicant:	Los Angeles County Museum of Natural History Foundation (Foundation or Borrower)	Amount Requested:	Not to exceed \$100,000,000
		Type of Resolution:	Final
Applicant Description:	Founded in 1965, the Foundation is a California 501(c)(3) nonprofit public benefit corporation which supports the County of Los Angeles in the operation of three museums that comprise the Natural History Family of Museums, including the Natural History Museum of Los Angeles County, the George C. Page Museum at the La Brea Tar Pits, and the William S. Hart Museum and Ranch in Newhall.	Date of Board Meeting:	03/21/07
		Resolution No.:	07-06
		Prepared by: Tara Dunn	
Project Description	Seismic retrofit and renovation of the historic 1913 Natural History Museum building and the creation of new state-of-the-art galleries and exhibits. The upgrade and renovation of additional museum buildings and exhibits may also be included upon the availability of funds. (Project).		
Project Sites:	900 Exposition Blvd and 5801 Wilshire Blvd in Los Angeles, and 24151 San Fernando Road in Newhall (Los Angeles County).		
Uses of Bond Proceeds:	Bond proceeds (Bonds) will be used to finance and refinance: (i) the costs of the Project; (ii) working capital of the Foundation directly related to the foregoing; (iii) capitalized interest; (iv) a debt service reserve fund; (v) costs of issuance; and, (vi) other related costs and expenses of the Foundation.		
Public Benefits:	The Project will provide seismic and other life safety enhancements to the largest natural history museum in the western United States, which will protect over 600,000 visitors annually, protect the collections, staff and volunteers. The new exhibits will reflect important scientific, historical, educational, natural and cultural history themes and topics which cannot be adequately conveyed in the current gallery configuration affording the public a better understanding of the natural and cultural worlds. Additionally, the Foundation estimates the creation of 50 new full- and part-time jobs as a result of the Project.		
Financing Structure:			
Type of Issue:		Initially issued as publicly-offered, auction rate securities. Bonds will be issued in minimum denominations of \$25,000 or integral multiples thereof.	
Tax Status:		Tax-exempt 501(c)(3) Bonds.	
Term:		Maximum of 30 years.	
Credit Enhancement:		Bond Insurance from XL Capital Assurance	
Credit Rating:		The Bonds are expected to be rated “AAA” by Standard & Poor’s and “Aaa” by Moody’s Investors Service based upon XL Capital Assurance’s rating.	
Est. Sources of Funds:		Est. Uses of Funds:	
PAR Amount of Bonds \$100,000,000		Construction Fund	\$87,566,860
		Reimbursement of Prior Expenditures	1,250,000
		Capitalized Interest	8,102,028
		Costs of Issuance	3,058,237
		Contingency	22,875
TOTAL SOURCES \$100,000,000		TOTAL USES	\$100,000,000
Financing Team:			
Bond Counsel:		Hawkins Delafield & Wood LLP	
Underwriter:		Citigroup Corporate and Investment Banking	
Underwriter’s Counsel:		Stradling, Yocca, Carlson & Rauth	
Borrower’s Counsel:		Nixon Peabody	
Trustee:		Union Bank	
Staff Recommendation:			
Staff recommends approval of Resolution 07-06 for an amount not to exceed \$100,000,000 for the Los Angeles County Museum of Natural History Foundation.			

## BORROWER DESCRIPTION

The Los Angeles County Museum of Natural History Foundation (Foundation or Borrower) was founded in 1965 to support the County of Los Angeles (County) in the operation of the Natural History Family of Museums. Three museums comprise the Natural History Family of Museums (collectively, the Museums):

**The Natural History Museum of Los Angeles County (Natural History Museum).** The Natural History Museum holds one of the world's largest collections of California and western North American mammals, including a 70-foot-long skeleton of a fin whale (one of nature's largest mammals) and fossils as old as 400 million years. Founded in 1913, the Natural History Museum is a national leader in research, exhibitions and education. The Natural History Museum is located in Exposition Park, which is located just south of downtown Los Angeles and the location of the following additional attractions: Los Angeles Memorial Sports Arena; Los Angeles Memorial Coliseum; California Science Center; Imax Theater at California Science Center; California African-American Museum; Rose Garden; Exposition Park Clubhouse; and, Los Angeles Swimming Stadium.

**George C. Page Museum at the La Brea Tar Pits (Page Museum).** The Page Museum is one of the world's most famous fossil localities, recognized for having the largest and most diverse assemblage of extinct Ice Age plants and animals in the world. The Page Museum displays Ice Age fossils of animals from the sticky asphalt deposits that are 10,000 to 40,000 years old, including saber-toothed cats, mammoths, dire wolves and mastodons. Also on display are the fossilized remains of microscopic plants, insects and reptiles. At the Page Museum, visitors can watch scientists and volunteers clean, repair and identify fossil remains inside the glass-enclosed Paleontology laboratory. The Page Museum is one of the museums that form museum row in the Miracle Mile District in the City of Los Angeles (City). The Page Museum is located at or near many tar pits from which many of the fossils on display in the Page Museum were drawn.

**William S. Hart Museum and Ranch in Newhall (Hart Museum).** The Hart Museum consists of the ranch house and surrounding property that silent film star William S. Hart purchased in 1921 and bequeathed to the County for the enjoyment of the public at no charge. The Hart Museum is a 22-room mansion filled with Western art, Native American artifacts and early Hollywood memorabilia. Programs, such as silent-movie screenings, take place frequently at the Hart Museum including tours of the mansion. Among the Hart Museum's permanent residents is an assortment of animals, including a small herd of bison, a gift from the Walt Disney Studios in 1962.

The State of California (State) and City each own approximately one-half of the real property on which the Natural History Museum is located and the County owns the Natural History Museum's buildings and facilities. Under a Ground Lease Agreement, the County has leased the State-owned portion of the Natural History Museum from the State of California for a 75-year period, which expires in 2081. The financed improvements within Exposition Park facility have been determined to be categorically exempt from CEQA and the Foundation has stated that they will comply with and further the aims of the requirements of the County Ground Lease with the State.

Under a Funding Agreement, the County owns and operates the buildings and most of the collections in these three museums and has agreed to make annual financial payments to the museums. The Foundation jointly manages, administers and raises funds to support the three museums.

The mission of the Museums is "to inspire wonder, discovery and responsibility for our natural and cultural worlds".

## GOVERNANCE

The County's Board of Supervisors established a Board of Governors that oversees the Museums' affairs for the County. The Foundation has a Board of Trustees that, together with its subcommittees, oversees the affairs of the Museums for the Foundation. Under the Bylaws of the Foundation, every member of the Board of Governors is also a member of the larger Foundation's Board of Trustees. Accordingly, the actions of the Board of Trustees have integrated the views of the Board of Governors and, as such, these two governing bodies have not, in practice, actively managed the Museums independently from each other.

### Board of Governors

The Board of Governors serves as the primary oversight body for the County. The Board of Governors consists of 15 positions. Each of the five members of the County Board of Supervisors nominates three candidates for the Board of Governors and those candidates are presented for consideration and approval by the County Board of Supervisors.

## Board of Trustees

The Foundation Board of Trustees (Board) supervises the management, operation and maintenance of the Foundation through its selection of officers and oversight of all employees and agents of the Foundation. The Board holds regular meetings three times per year (in March, June and December) and an annual meeting in September. Trustees are not compensated for their service on the Board. The bylaws of the Foundation provide that the Board must consist of at least 35 but no more than 55 Trustees. Other than Trustees who serve as a result of their position as Governors and the President of the Alliance (a support group of the Natural History Museum), Trustees are elected by the Board at the annual or quarterly meetings. The term of office of any Trustee elected for a first and second term is one year. The term of office of any Trustee elected for a third or successive term is three years. There are currently 35 Trustees serving on the Board, which are identified in Appendix A, along with key members of senior management of the Foundation.

## PROJECT DESCRIPTION

The Foundation proposes financing (i) the acquisition, rehabilitation, renovation, construction, equipping and improvement of the Foundation's museum, educational and exhibition facilities located at 900 Exposition Boulevard and 5801 Wilshire Boulevard within the City and 24151 San Fernando Road, Newhall, California, including furniture, fixtures and equipment and design, architectural, engineering and project management services, project consultants and other similar expenses relating thereto (Project), (ii) working capital of the Foundation directly related to the foregoing, (iii) capitalized interest on the proposed bonds (Bonds), (iv) a debt service reserve fund, (v) costs of issuance of the Bonds, and (vi) other related costs and expenses of the Foundation. The Project will be owned and operated by the Foundation and the County and will be located on land owned by the City and the State.

Specifically, with the funds from the proposed financing and other sources, the Foundation plans to completely renovate and upgrade its historic 1913 Natural History Museum building and create new state-of-the-art galleries and exhibits. The Borrower is retaining flexibility to modify its gallery renovation and replacement plans as it further analyzes how best to deliver its mission through its permanent exhibition program, but it is contemplating changes in its gallery configuration such as the following:

- Seismic retrofit and renovation of the Natural History Museum;
- New exhibit galleries
- North Gallery, previously the Discovery Center, and proposed to be the "Inside Out" exhibit;
- South Gallery, previously the Native American Hall, and proposed to be the Cenozoic Evolution exhibit;
- Rotunda, currently under construction, is proposed to be the Human Evolution exhibit and contemplative space;
- West Gallery, previously the Dinosaur Hall and the Current Cenozoic Gallery is proposed to be the Under the Sun exhibit of the California/ Southern California Hall);
- The current Latin American Gallery is proposed to be the Dinosaur Hall;
- Dart Gallery, currently temporary gallery space, is proposed to be the permanent Discovery Center;
- North entrance landscaping; and,
- Landscaping and other possible non-structural modifications to the north façade.

In addition, depending upon the availability of any remaining bond proceeds or supplementary public funding, the Project may include the seismic upgrade of the Page or Hart Museums, and/or a more extensive renovation of the north façade of the Natural History Museum.

## PUBLIC BENEFITS

The Project will upgrade the structure and programming of the largest natural and cultural history museum in the western United States. The Natural History Museum offers many educational programs, including (1) hands-on instructional enhancement through annual collections loaned to schools and school districts throughout four Southern California counties, (2) thousands of science, historical and cultural artifacts and specimens made available for loan to the public and (3) self-guided visits that attract over 600,000 school children, families and other visitors annually.

The Natural History Museum's 1913 Building, which is on the National Register of Historic Places, will undergo a voluntary seismic upgrade and other life safety enhancements to preserve the structure and its unique features and to make it more safe and accommodating for public visitors, collections, staff and volunteers. In addition, many of the most prominent gallery spaces in the museum will be modified with new exhibits developed and installed to reflect important scientific, historical and educational, natural and cultural history themes and topics which cannot be adequately conveyed in the

current gallery configuration. This will allow the public to better understand its stewardship of the natural and cultural worlds, in keeping with the Museum's mission.

Private fundraising and implementation of the Project by the Foundation will be coordinated with public funding to allow these public facilities and their programs to thrive for the long-term.

In addition to the expansion of its programs and services, the Foundation anticipates this Project will result in the creation of an additional 50 full-time and part-time jobs.

## PERMITS AND APPROVALS

The Borrower has indicated that construction began on the Project in early 2006 and all necessary permits have been obtained. Construction is scheduled for completion in 2011.

## TEFRA HEARING AND LEGAL QUESTIONNAIRE

A Tax Equity and Fiscal Responsibility Act (TEFRA) hearing was held February 15, 2007, following public notices which were published in the *Los Angeles Times*, *Sacramento Bee* and *The Signal*. No written or oral comments were received prior to, during, or following the hearing, and staff is not aware of any negative aspects or opposition to the proposed financing.

The Borrower has provided a completed and signed legal questionnaire. No information was disclosed in the answers to the legal questionnaire that would lead staff to question the financial viability or legal integrity of the Borrower or the Project.

## FINANCING TEAM

Bond Counsel:	Hawkins Delafield & Wood LLP
Underwriter:	Citigroup Corporate and Investment Banking
Underwriter's Counsel:	Banc of America Securities LLC
Borrower's Counsel:	Nixon Peabody
Trustee:	Union Bank

## FINANCING DETAILS

The Borrower is requesting approval for the issuance and sale of tax-exempt 501(c)(3) Bonds in an amount not to exceed \$100,000,000. Payment of principal and interest on the Bonds will be guaranteed by a municipal bond insurance policy issued by XL Capital Assurance and issued simultaneously with the issuance of the Bonds. It is anticipated that the Bonds will carry a rating of "AAA" from Standard & Poor's and "Aaa" from Moody's Investors Service, based upon the bond insurance provider's credit rating.

The Bonds will be issued in two series initially as auction rate securities (ARS) in authorized denominations of \$25,000 and integral multiples thereof and bear interest at an applicable ARS rate unless and until converted to a fixed rate. At the election of the Foundation, the auction period for the ARS of a series may be adjusted to a 7-day, 28-day, 35-day or a special auction period; however, the initial auction period mode for each series of the Bonds will be a 7-day period.

In no event shall the Bonds constitute a pledge of the faith and credit of the State or any political corporation, subdivision or agency of the State, and neither the State nor any political corporation, subdivision or agency of the State shall be liable to make any appropriation for the repayment of the Bonds. The Bonds shall constitute a special obligation of the I-Bank, payable solely from revenues or other sources provided for in the loan agreement between the Borrower and the I-Bank (Loan Agreement).

## ELIGIBILITY REVIEW

The proposed financing meets the following public interest criteria as required by Section 63046 of the Government Code: 1) the financing is for a project in the State of California; 2) based upon the requirement that bond insurance will secure all payments to bondholders, the Borrower is capable of meeting the obligations incurred under relevant agreements; 3) the payments to be made by the Borrower to the I-Bank under the Loan Agreement are adequate to pay the current expenses of the I-Bank in connection with the financing and to make all the payments on the Bonds; and, 4) the proposed financing

is appropriate for the Project. Additionally, the Bonds are consistent with the I-Bank's Policies and Procedures for Conduit Revenue Bond Financing.

## RECOMMENDATION

Staff recommends approval of Resolution 07-06 for an amount not to exceed \$100,000,000 for the Los Angeles County Museum of Natural History Foundation.



**The Natural History Museum of Los Angeles County under construction.**



## APPENDIX A

### The Los Angeles County Museum of Natural History Foundation Trustees and Governors and Key Senior Management

The following is a current list of each of the Trustees of the Foundation's Board of Trustees together with a notation as to which of such Trustees also serve as Governors.

#### **Wallis Annenberg**

Ms. Annenberg is a national philanthropic leader. She is the Vice President of The Annenberg Foundation. She was elected to the Board in September 2002.

#### **Anissa Balson**

Ms. Balson has served as a trustee of the Hearst Family Trust, as a director of the Hearst Corporation, and as a director of the William Randolph Hearst Foundations. In addition, she is a director of the Boudjakdji Foundation. She was elected to the Board in April 2005 and serves on the Museum Content Committee.

#### **Kenneth W. Bentley**

##### **Governor**

Mr. Bentley is Vice President of Community Affairs for Nestle USA. He was appointed to the Board of Governors November 2006 by Supervisor Burke.

#### **Jeffrey C. Beyer**

Mr. Beyer is Senior Vice President and Chief Communications Officer of Farmers Group, Inc. He was elected to the Board in September 2001. He chairs the External Relations Committee and serves on the Advancement and Executive Committees of the Board of Trustees.

#### **Arun K. Bhumitra**

##### **Governor**

Mr. Bhumitra is the Chief Executive Office of Arjay Telecom. Mr. Bhumitra is also a member of Board of Trustees of the Christopher Columbus Fellowship Foundation. He was appointed to the Board of Governors by Supervisor Knabe in September 2004. He serves on the Advancement Committee.

#### **Lynn W. Brengel**

Ms. Brengel is a civic volunteer. She was elected to the Board in June 1996 and co-chairs the Advancement Committee. She also serves on the Board Affairs, Executive, and Museum Project Oversight Committees.

#### **Neal H. Brockmeyer**

Mr. Brockmeyer is a partner at Heller, Ehrman, White & McAuliffe, LLP. He was elected to the Board in June 1990 and chairs the Audit Committee. He also serves on the Board Affairs and Executive Committees.

#### **Howard E. Chambers**

Mr. Chambers is Vice President and General Manager of Space and Intelligence Systems for Boeing's Integrated Defense Systems. He was elected to the Board in June 2005. He serves on the Budget Committee.

#### **David Comsky**

##### **Governor**

Mr. Comsky is President of Comsky Group, an entertainment production company. He was appointed to the Board of Governors in February 1968 by Supervisor Edelman and is currently an appointee of Supervisor Yaroslavsky. He serves on the External Relations Committee of the Board of Trustees.

#### **Mark W. Dundee**

##### **Governor**

Mr. Dundee is Principal Tax and Legal Advisor for Buck Consultants, a human resources consulting firm. He was appointed to the Board of Governors by Supervisor Molina in August 1999. He serves on the Audit and Museum Content Committees.

**Michael J. Fourticq** Mr. Fourticq is the managing partner of Hancock Park Associates. He was elected to the Board of Trustees in March 2004. He chairs the Budget Committee and serves on the Museum Project Oversight and Executive Committees.

**Stanley Gold**

Mr. Gold is the President and Chief Executive Officer of Shamrock Holdings, Inc. He has served as President and then Chairman of Central Soya Company Inc., Chairman of Enterra Corporation, and Chairman of Koor Industries Ltd., Chairman of Tadiran Communications and director of The Walt Disney Company. Mr. Gold was elected to the Board in March 2005.

**Paul G. Haaga, Jr.,*****President of the Board of Trustees***

Mr. Haaga is the Vice Chairman of Capital Research and Management Company. He was elected to the Board in September 1993. In 2005, he was elected President of the Board of Trustees. By virtue of his office, he serves on all committees. He is also Chair of the Executive Committee.

**Sarah Meeker Jensen**

Ms. Jensen is Principal of Jensen + Partners, a healthcare and technology project development firm. She was elected to the Board in June 1999. She co-chairs the Board Affairs Committee and serves on the Advancement and Executive Committees of the Board.

**Curtis C. Jung*****Governor***

Mr. Jung is a founding partner of Jung and Yuen LLP and serves as Director and General Counsel for TADASHI. He was appointed to the Board of Governors by Supervisor Knabe in November 2003. He serves on the Museum Content Committee.

**Bettina Korek*****Governor***

Ms. Korek graduated with a B.A. in Art and Archaeology from Princeton University in 2000. In 2005, Ms. Korek formed an arts consulting and marketing company to pursue her interests in public art and new models of corporate sponsorship. She was appointed to the Board of Governors by Supervisor Antonovich in August 2005. She serves on the External Relations Committee.

**Roger Kozberg**

Mr. Kozberg is Senior Vice President of Marsh Risk & Insurance Services. He was elected to the Board in March 1999. He co-chairs the Board Affairs Committee and serves on the Advancement, Budget, and Executive Committees.

**Elaine Leventhal**

Ms. Leventhal is currently a Director of six different organizations at UCLA, USC, and Arizona State University. She was elected to the Board in September 1990 and serves on the Advancement and Museum Content Committees.

**Patricia Lombard**

Ms. Lombard works as a consultant in media and communications. She was elected to the Board in March 1999 and co-chairs the Museum Content Committee. She also serves on the Executive, External Relations, and Museum Project Oversight Committees.

**Ki Suh Park*****Governor***

Mr. Park is Design and Managing Partner of Gruen Associates, an architectural firm. He was appointed to the Board of Governors by Supervisor Yaroslavsky in April 1996. He serves on the Museum Content and Museum Project Oversight Committees.

**Joan Payden**

Ms. Payden is President and CEO of Payden & Rygel, Inc., a privately owned, global investment management company. She was elected to the Board of Trustees in March 2004. She co-chairs the Museum Content Committee and serves on the Executive and Museum Project Oversight Committees.

**Jane G. Pisano*****President and Director***

Dr. Pisano is President of the Foundation and Director of the Los Angeles County Department of Museum of Natural History. By virtue of her office, she serves on all Board committees.

**Julio Ramirez, Jr.*****Governor***

Mr. Ramirez is a partner at Park Hill Group, an investment banking firm. He was appointed to the Board of Governors by Supervisor Molina in July 1999. He serves as co-chair of the Advancement Committee and serves on the Executive and External Relations Committees.

**Betty J. Reddin**

Ms. Reddin is a community volunteer. She was elected to the Board in June 1988 and serves on the Board Affairs and Museum Content Committees.

**Richard K. Roeder**

***Vice Chair of the Board of Trustees***

Mr. Roeder is a founding partner of Aurora Capital Group, a Los Angeles-based private investment firm. He was elected to the Board of Trustees in June 1996 and is Vice-Chair of the Board. He is chair of the Investment Committee and the co-chair of the Museum Project Oversight Committee. He also serves on all other committees by virtue of his office.

**Edward P. Roski, Jr.**

Mr. Roski is President of Majestic Realty Company. He was elected to the Board in December 1993 and serves on the Board's Advancement and Executive Committees.

**Richard C. Seaver**

Mr. Seaver is Chairman of Hydril Company, an oilfield equipment manufacturer. He was elected to the Board in September 1967 and serves on the Investment and Museum Content Committees.

**Simon Wen Shao**

***Governor***

Mr. Shao is President of Puli International Incorporated. He was appointed to the Board of Governors by Supervisor Antonovich in November 2006.

**Kevin W. Sharer,**

***Chairman of the Board***

Mr. Sharer is President and Chief Executive Officer of Amgen, a biotechnology company. He was elected to the Board of Trustees in December 1993, and is Chairman of the Board. He serves on the Executive Committee, and all other committees of the Board by virtue of his office.

**Marilyn F. Solomon**

***Governor***

Ms. Solomon heads The Solomon Consulting Group, consultants in leadership enhancement, business plans, social marketing strategies, management and operations. She was appointed to the Board of Governors by Supervisor Burke in November 1991. She serves on the External Relations and Museum Content Committees.

**Nicholas H. Stonnington**

***Governor***

Mr. Stonnington is President of Stonnington Investment Advisors LLC. He was appointed to the Board of Governors by Supervisor Molina in April 2003. He serves on the Advancement and Museum Content Committees of the Board of Trustees.

**Gregory R. Stubblefield**

Mr. Stubblefield is President of Enterprise Rent-A-Car's California and Hawaii operations. He was elected to the Board in April 2005 and serves on the Advancement Committee.

**Richard Sun**

***Governor***

Mr. Sun is a dentist and President of S.S.S. Development, Inc. He was appointed to the Board of Governors by Supervisor Antonovich in April 2003. He serves on the External Relations Committee.

**Brigitta Troy,**

***President of the Alliance***

Ms. Troy is an independent consultant and was elected to the Board in May 2005. She is President of the Alliance and serves on the Advancement Committee.

**Richard S. Volpert,**

***President of the Board of Governors***

Mr. Volpert is a partner at Munger, Tolles & Olson LLP. He was appointed to the Board of Governors by Supervisor Edelman in September 1974. He currently serves as an appointee of Supervisor Yaroslavsky. At present, he is the President of the Board of Governors. He co-chairs the Museum Project Oversight Committee and serves on all other committees of the Board by virtue of his office.

#### **Trustees Emeritus**

In addition, the following people serve as Trustees Emeritus: Franklin Otis Booth, Jr., Richard Call, H. Frederick Christie, Albert Glickman, Harlyne Norris and Mae Sue Talley. Trustees Emeritus are former Trustees whose distinguished service has led the Board to elect them to that status so that their input and involvement still is maintained. Trustees Emeritus no longer vote on the Board or otherwise owe the Foundation any fiduciary responsibilities.

#### **Senior Management**

The Foundation's senior management is responsible for the day-to-day operation and management of the Museums. The following individuals are key members of the Foundation's current senior management:

<b>Name</b>	<b>Position</b>
Jane Pisano	President of the Foundation and Director of the Los Angeles County Department of Museum of Natural History
Jural Garrett	Chief Deputy Director of the Los Angeles County Department of Museum of Natural History
Tom Jacobson	Senior Vice President, Advancement
<i>Vacant</i>	Senior Vice President
<i>Vacant</i>	Senior Vice President, External Relations
James R. Gilson	Vice President, General Counsel and Secretary
Marilyn Payne	Vice President, Finance and Chief Financial Officer



**A bubble of methane at the Page Museum (La Brea Tar Pits).**

**RESOLUTION NO. 07-06**

**RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AUTHORIZING THE ISSUANCE OF ITS REVENUE BONDS (LOS ANGELES COUNTY MUSEUM OF NATURAL HISTORY FOUNDATION) SERIES 2007, TO FINANCE THE COSTS OF THE ACQUISITION, CONSTRUCTION, EQUIPPING, FURNISHING AND IMPROVEMENT OF CERTAIN ECONOMIC DEVELOPMENT FACILITIES, PROVIDING THE TERMS AND CONDITIONS FOR THE ISSUANCE OF THE BONDS AND OTHER MATTERS RELATING THERETO AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS**

WHEREAS, the California Infrastructure and Economic Development Bank (the "Infrastructure Bank") was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following) (as now in effect and as it may from time to time hereafter be amended or supplemented, the "Act"), for the purpose of, among other things, providing financial assistance for the design, construction, financing and development of economic development facilities (as such term is defined in the Act) located in the State of California;

WHEREAS, the Los Angeles County Museum of Natural History Foundation, a California nonprofit public benefit corporation (the "Corporation"), has applied for the financial assistance of the Infrastructure Bank for financing (i) the acquisition, rehabilitation, renovation, construction, equipping and improvement of the Corporation's museum, educational and exhibition facilities located at 900 Exposition Boulevard and 5801 Wilshire Boulevard within the City of Los Angeles, California and 24151 San Fernando Road, Newhall, California, including furniture, fixtures and equipment and design, architectural, engineering and project management services, project consultants and other similar expenses relating thereto, (ii) working capital of the Corporation directly related to the foregoing, (iii) capitalized interest on the Bonds, (iv) a debt service reserve fund, (v) costs of issuance of the Bonds, and (vi) other related costs and expenses of the Corporation (the "Project");

WHEREAS, the Corporation requests the Infrastructure Bank to assist in financing the Project and has requested the Infrastructure Bank to authorize the issuance of one or more series of its California Infrastructure and Economic Development Bank Revenue Bonds (Los Angeles County Museum of Natural History Foundation) Series 2007 (the "Bonds") in an aggregate principal amount outstanding not to exceed \$100,000,000;

WHEREAS, the Corporation expects that the Bonds will be secured by an irrevocable bond insurance policy to be issued by XL Capital Assurance Inc. or other bond insurer (the "Bond Insurer");

WHEREAS, approval of the terms of the Bonds and certain documents relating to the Bonds is now sought;

WHEREAS, there is now on file with the Secretary of the Infrastructure Bank the following:

(a) a proposed form of the Loan Agreement (the "Loan Agreement") to be entered into by and between the Infrastructure Bank and the Corporation;

(b) a proposed form of the Indenture (the "Indenture") to be entered into between the Infrastructure Bank and Union Bank of California, N.A., as trustee (the "Trustee");

(c) a proposed form of Bond Purchase Agreement (the "Bond Purchase Agreement") with respect to the Bonds, to be entered into by and among the Infrastructure Bank, the Treasurer of the State of California and Citigroup Global Markets Inc. (the "Underwriter") and approved by the Corporation; and

(d) a proposed form of Official Statement with respect to the Bonds to be used in connection with the offering and sale of the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank, as follows:

**Section 1.** The form of Loan Agreement on file with the Secretary of the Infrastructure Bank is hereby approved, and the Executive Director and the Chair of the Infrastructure Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Loan Agreement to the Corporation with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Infrastructure Bank, such approval to be conclusively evidenced by the delivery thereof. The Infrastructure Bank further authorizes and approves the loan of the proceeds of the Bonds to the Corporation in order to finance the cost of the Project and for the other purposes stated in the second recital hereto pursuant to the terms and provisions of the Loan Agreement.

**Section 2.** The form of Indenture on file with the Secretary of the Infrastructure Bank is hereby approved, and the Executive Director and the Chair of the Infrastructure Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver to the Trustee, and the Secretary of the Infrastructure Bank is authorized to attest thereto, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Infrastructure Bank, such approval to be conclusively evidenced by the delivery thereof.

**Section 3.** The proposed form of Bond Purchase Agreement on file with the Secretary of the Infrastructure Bank is hereby approved, and the Executive Director and the Chair of the Infrastructure Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Bond Purchase Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Infrastructure Bank, such approval to be conclusively evidenced by the delivery thereof. The Treasurer of the State of California is hereby authorized and requested to sell the Bonds, at any

time within one hundred eighty (180) days of the adoption of this Resolution, at negotiated sale, at such prices and at such initial interest rates as he may determine.

**Section 4.** The proposed form of the Official Statement relating to the Bonds on file with the Secretary is hereby approved. The Executive Director and Chair of the Infrastructure Bank or the Chair's designee, and each of them acting alone, are hereby authorized, for, on behalf and in the name of the Infrastructure Bank, to sign the Official Statement in substantially said form, with such changes therein as such official, with the advice of the Infrastructure Bank's counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby authorized to distribute and deliver copies of said Official Statement to purchasers of the Bonds.

**Section 5.** The Infrastructure Bank approves the issuance of the Bonds in accordance with the terms of, and to be secured by, the Indenture, in an aggregate principal amount not to exceed \$100,000,000 outstanding at any time, to assist in financing the Project and for the other purposes stated in the second recital hereto. Payment of the principal of and premium, if any, and interest on the Bonds shall be made solely from payments made by the Corporation and the other sources expressly provided in the Indenture and the Bonds shall not be deemed to constitute a debt or liability of the Infrastructure Bank or the State. The Executive Director and the Chair of the Infrastructure Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized and directed to execute, in the name and on behalf of the Infrastructure Bank, by manual or facsimile signature, the Bonds in accordance with and in the form set forth in the Indenture. The Bonds shall bear interest at the rates determined in accordance with the provisions of, mature and be subject to redemption as provided in, and be in the form set forth in the Indenture.

**Section 6.** The Bonds, when so executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds so delivered by executing the certificate of authentication appearing thereon and to deliver the Bonds, when duly executed and authenticated, to the Underwriter in accordance with written instructions executed on behalf of the Infrastructure Bank by the Executive Director or the Chair of the Infrastructure Bank, or the Chair's designee, which instructions said official is hereby authorized and directed, for and in the name of and on behalf of the Infrastructure Bank, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Underwriter upon payment of the purchase price therefor.

**Section 7.** Based upon representations made by the Corporation, the Board of Directors of the Infrastructure Bank hereby finds and determines that:

- (a) the Project is located in the State;
- (b) the Corporation is capable of meeting its obligations under the Loan Agreement;
- (c) the payments to be made under the Loan Agreement are adequate to pay all current expenses of the Infrastructure Bank in connection with the Bonds and to make all payments with respect to the Bonds when due;
- (d) the proposed financing is appropriate for the Project; and

(e) the Project is consistent with any existing local and regional comprehensive plans.

The finding in subsection (b), above, is based on the requirement that the Bonds will be secured by an irrevocable bond insurance policy issued by the Bond Insurer and rated in one of the three highest rating categories of Moody's Investors Service or Standard & Poor's Ratings Services, without regard to numerical or other qualifiers.

**Section 8.** The Board of Directors of the Infrastructure Bank hereby finds and determines that the proposed financing complies with the criteria, priorities and guidelines adopted by the Infrastructure Bank pertaining to the conduit issuance of revenue bonds.

**Section 9.** The Executive Director and the Chair of the Infrastructure Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized to execute all documents, certificates and instruments necessary or appropriate to this transaction and the issuance and sale of the Bonds.

**Section 10.** All actions heretofore taken by the officials and agents of the Infrastructure Bank with respect to the approval, issuance and sale of the Bonds are hereby approved, confirmed and ratified, and the officials of the Infrastructure Bank and their authorized designees are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all certificates and documents that they, their counsel or bond counsel may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution.

**Section 11.** This Resolution shall take effect from and after its adoption.


PASSED, APPROVED, AND ADOPTED at a meeting of the Board of Directors of the California Infrastructure and Economic Development Bank on March 21, 2007, by the following vote:

AYES: HEIDIG, LUJANO, BROWN, MATTEUCCI, RICE


NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By   
Stanton C. Hazelroth, Executive Director

Attest:

By   
Roma Crista-Plant, Secretary

**Exhibit B – March 27, 2008 Staff Report and Resolution 08-04**

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank)  
501(c)(3) REVENUE BOND FINANCING PROGRAM**

EXECUTIVE SUMMARY			
<b>Applicant:</b>	Los Angeles County Museum of Natural History Foundation (Foundation or Borrower)	<b>Amount Requested:</b>	Not to exceed \$100,000,000
<b>Applicant Description:</b>	Founded in 1965, the Foundation is a California 501(c)(3) nonprofit public benefit corporation which supports the County of Los Angeles in the operation of three museums that comprise the Natural History Family of Museums, including the Natural History Museum of Los Angeles County, the George C. Page Museum at the La Brea Tar Pits, and the William S. Hart Museum and Ranch in Newhall.	<b>Date of Board Meeting:</b>	March 27, 2008
		<b>Resolution Number:</b>	08-04
		<b>Type of Bonds:</b>	Refunding
<b>Project Site:</b>	900 Exposition Blvd and 5801 Wilshire Blvd in Los Angeles, and 24151 San Fernando Road in Newhall (Los Angeles County).	<b>Prepared by:</b>	Andrea Kennedy
<b>Project Description:</b>	The original project (Project) involved the Seismic retrofit and renovation of the historic 1913 Natural History Museum building and the creation of new state-of-the-art galleries and exhibits. The upgrade and renovation of additional museum buildings and exhibits may also be included upon the availability of funds.		
<b>Uses of Bond Proceeds:</b>	Bond proceeds (2008 Bonds) will be used to finance or refinance: (i) the costs of the Project; (ii) refund \$84,400,000 of the bonds issued by the I-Bank to finance the Project; (iii) capitalized interest; and, (iv) costs of issuance.		
<b>Public Benefits:</b>	The Project will provide seismic and other life safety enhancements to the largest natural history museum in the western United States, which will protect over 600,000 visitors annually, protect the collections, staff and volunteers. The new exhibits will reflect important scientific, historical, educational, natural and cultural history themes and topics which cannot be adequately conveyed in the current gallery configuration affording the public a better understanding of the natural and cultural worlds. Additionally, the Foundation estimates the creation of 50 new full- and part-time jobs as a result of the Project.		
<b>Financing Structure:</b>			
<b>Type of Issue:</b>	Publicly-offered variable-rate demand revenue bonds issued in minimum denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof.		
<b>Tax Status:</b>	Tax-exempt 501(c)(3) bonds.		
<b>Term:</b>	29 years.		
<b>Credit Enhancement:</b>	Series A — Direct-pay letter of credit from Allied Irish Bank, P.L.C. Series B — Direct-pay letter of credit from The Bank of New York.		
<b>Credit Rating:</b>	Expected to be “A” by Standard & Poor’s (S&P) and “A2” by Moody’s Investors Service (Moody’s) based upon the Foundation’s underlying credit rating. In addition, ratings of at least “A” from S&P and Moody’s are also expected based upon the credit ratings of the letter of credit providers.		
<b>Total Est.Sources of Funds</b>		<b>Total Est. Uses of Funds:</b>	
2008 Bond Proceeds	\$100,000,000	Refund 2007A & 2007B Bonds	\$84,84,500,000
		Capitalized Interest	14,695,000
		Cost of Issuance	805,000
<b>TOTAL SOURCES</b>	<b>\$100,000,000</b>	<b>TOTAL USES</b>	<b>\$100,000,000</b>
<b>Financing Team:</b>			
<b>Bond Counsel:</b>	Hawkins Delafield & Wood LLP		
<b>Underwriter’s Counsel:</b>	Stradling Yocca Carlson & Rauth		
<b>Counsel:</b>	J. P. Morgan Securities, Inc.		
<b>Underwriter:</b>	Union Bank of California, N.A.		
<b>Staff Recommendation:</b>			
Staff recommends approval of Resolution 08-04 for an amount not to exceed \$100,000,000 for Los Angeles County Museum of Natural History Foundation.			

## ISSUE

The Los Angeles County Museum of Natural History Foundation (Foundation or Borrower) requests to refund the Series 2007A and 2007B Revenue Bonds that were previously issued by the I-Bank on April 18, 2007 (collectively, the 2007 Bonds) and issue new bonds in the amount of the outstanding balance on the 2007 Bonds, approximately \$84.4 million. The Foundation will effect a conversion of the 2007 Bonds from auction rate securities (ARS) to variable rate demand bonds.

Due to recent events in the sub-prime mortgage market, the credit rating of XL Capital, the bond insurer of the 2007 Bonds, has been downgraded by Moody's to A3 and by Standard and Poor's to A- in February 2008. These downgrades have caused the interest rates of the 2007 Bonds to significantly increase and have also resulted in substantially higher borrowing cost for the Foundation.

## DISCUSSION

The 2007 Bonds involved the seismic retrofit and renovation of the historic 1913 Natural History Museum building and the creation of new state-of-the-art galleries and exhibits (Project). The 2007 Bond proceeds were used to finance and refinance: the costs of the Project; working capital of the Foundation directly related to the foregoing; capitalized interest; a debt service reserve fund; costs of issuance; and, the related costs and expenses of the Foundation (see attached staff report dated 3/21/07 for a complete description of the Project and the 2007 Bonds included as Appendix A).

The Borrower is now requesting approval for the issuance and sale of tax-exempt 501(c)(3) revenue bonds in an amount not to exceed \$100,000,000 (2008 Bonds). The 2008 Bond proceeds will be used to finance or refinance: (i) the costs of the Project; (ii) redeem \$84,400,000 of the bonds issued by the I-Bank to finance the Project; (iii) capitalized interest; and, (iv) costs of issuance. Payment of principal and interest on the 2008 Bonds will be supported by two direct-pay letters of credit (LOC). The LOC for Series 2008A will be provided by Allied Irish Bank, P.L.C., and the LOC for Series 2008B will be provided by The Bank of New York, both to be issued simultaneously with the issuance of the 2008 Bonds. The 2008 Bonds are expected to carry ratings of "A" from Standard & Poor's Ratings Services (S&P) and "A2" from Moody's Investor's Service (Moody's), based upon the underlying credit rating of the Foundation. The 2008 Bonds are also expected to carry ratings of at least "A" from S&P and Moody's, based upon the LOC providers' credit ratings.

An updated list of the Foundations' Board of Trustees is included as Appendix B.

## PUBLIC BENEFITS

The Foundation continues to provide the public benefits identified in the staff report for the initial financing (2007 Bonds).

The Foundation anticipates that the refunding of the 2007 Bonds from ARS to variable rate demand bonds will save an estimated \$360,000 per month based upon current market rates. Current market ARS rates are not indicative of the future. The purpose of the refunding of the 2007 Bonds is to lower the cost of financing for the Foundation and remove the uncertainties associated with the ARS market.

## RECOMMENDATION

Staff recommends adoption of Resolution 08-04, for an amount not to exceed \$100,000,000 for the Los Angeles County Museum of Natural History Foundation.

## **RESOLUTION NO. 08-04**

### **RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AUTHORIZING THE ISSUANCE OF ITS REVENUE BONDS (LOS ANGELES COUNTY MUSEUM OF NATURAL HISTORY FOUNDATION) SERIES 2008, TO FINANCE AND REFINANCE THE COSTS OF THE ACQUISITION, CONSTRUCTION, EQUIPPING, FURNISHING AND IMPROVEMENT OF CERTAIN ECONOMIC DEVELOPMENT FACILITIES, PROVIDING THE TERMS AND CONDITIONS FOR THE ISSUANCE OF THE BONDS AND OTHER MATTERS RELATING THERETO AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS**

WHEREAS, the California Infrastructure and Economic Development Bank (the "Infrastructure Bank") was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following) (as now in effect and as it may from time to time hereafter be amended or supplemented, the "Act"), for the purpose of, among other things, providing financial assistance for the design, construction, financing, refinancing and development of economic development facilities (as such term is defined in the Act) located in the State of California;

WHEREAS, the Los Angeles County Museum of Natural History Foundation, a California nonprofit public benefit corporation (the "Corporation"), has applied for the financial assistance of the Infrastructure Bank for financing and refinancing (i) the acquisition, rehabilitation, renovation, construction, equipping and improvement of the Corporation's museum, educational, exhibition and parking facilities located at 900 Exposition Boulevard and 5801 Wilshire Boulevard within the City of Los Angeles, California and 24151 San Fernando Road, Newhall, California, including furniture, fixtures and equipment and design, architectural, engineering and project management services, project consultants and other similar expenses relating thereto, (ii) a current refunding of the \$84,400,000 California Infrastructure and Economic Development Bank Revenue Bonds (Los Angeles Museum of Natural History Foundation) Series 2007A and Series 2007B (the "2007 Bonds"), (iii) working capital of the Corporation directly related to the foregoing, (iv) capitalized interest on the Bonds, (v) a debt service reserve fund, (vi) costs of issuance of the Bonds, and (vii) other related costs and expenses of the Corporation (the "Project");

WHEREAS, the Corporation requests the Infrastructure Bank to assist in financing and refinancing the Project and has requested the Infrastructure Bank to authorize the issuance of one or more series of its California Infrastructure and Economic Development Bank Revenue Bonds (Los Angeles County Museum of Natural History Foundation) Series 2008 (the "Bonds") in an aggregate principal amount outstanding not to exceed \$100,000,000;

WHEREAS, the Corporation expects that the Bonds will be secured by one or more irrevocable direct-pay letters of credit to be issued by Allied Irish Bank p.l.c. and/or the Bank of New York Trust Company, N.A. (the "Banks");

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WHEREAS, the Corporation may, depending upon market conditions and advice of counsel, purchase and convert the 2007 Bonds to the Special Trust Mode (as defined in the Indenture described below), and if so purchased and converted, such 2007 Bonds will be held by the Trustee in trust for the benefit of the Corporation;

WHEREAS, approval of the terms of the Bonds and certain documents relating to the Bonds is now sought;

WHEREAS, there is now on file with the Secretary of the Infrastructure Bank the following:

(a) a proposed form of the Amended and Restated Loan Agreement (the "Loan Agreement") to be entered into by and between the Infrastructure Bank and the Corporation;

(b) a proposed form of the Amended and Restated Indenture (the "Indenture") to be entered into between the Infrastructure Bank and Union Bank of California, N.A., as trustee (the "Trustee");

(c) a proposed form of Purchase Contract (the "Purchase Contract") with respect to the Bonds, to be entered into by and among the Infrastructure Bank, the Treasurer of the State of California and J.P. Morgan Securities Inc. (the "Underwriter") and approved by the Corporation; and

(d) a proposed form of Official Statement with respect to the Bonds to be used in connection with the offering and sale of the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank, as follows:

**Section 1.** The form of Loan Agreement on file with the Secretary of the Infrastructure Bank is hereby approved, and the Executive Director and the Chair of the Infrastructure Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Loan Agreement to the Corporation with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Infrastructure Bank, such approval to be conclusively evidenced by the delivery thereof. The Infrastructure Bank further authorizes and approves the loan of the proceeds of the Bonds to the Corporation in order to finance and refinance the cost of the Project and for the other purposes stated in the second recital hereto pursuant to the terms and provisions of the Loan Agreement.

**Section 2.** The form of Indenture on file with the Secretary of the Infrastructure Bank is hereby approved, and the Executive Director and the Chair of the Infrastructure Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver to the Trustee, and the Secretary of the Infrastructure Bank is authorized to attest thereto, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Infrastructure Bank, such approval to be conclusively evidenced by the delivery thereof.

**Section 3.** The proposed form of Purchase Contract on file with the Secretary of the Infrastructure Bank is hereby approved, and the Executive Director and the Chair of the Infrastructure Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Purchase Contract, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Infrastructure Bank, such approval to be conclusively evidenced by the delivery thereof. The Treasurer of the State of California is hereby authorized and requested to sell the Bonds, at any time within one hundred eighty (180) days of the adoption of this Resolution, at negotiated sale, at such prices and at such initial interest rates as he may determine.

**Section 4.** The proposed form of the Official Statement relating to the Bonds on file with the Secretary is hereby approved. The Executive Director and Chair of the Infrastructure Bank or the Chair's designee, and each of them acting alone, are hereby authorized, for, on behalf and in the name of the Infrastructure Bank, to sign the Official Statement in substantially said form, with such changes therein as such official, with the advice of the Infrastructure Bank's counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby authorized to distribute and deliver copies of said Official Statement to purchasers of the Bonds.

**Section 5.** The Infrastructure Bank approves the issuance of the Bonds in accordance with the terms of, and to be secured by, the Indenture, in an aggregate principal amount not to exceed \$100,000,000 outstanding at any time, to assist in financing and refinancing the Project and for the other purposes stated in the recitals hereto. Payment of the principal of and premium, if any, and interest on the Bonds shall be made solely from payments made by the Corporation and the other sources expressly provided in the Indenture and the Bonds shall not be deemed to constitute a debt or liability of the Infrastructure Bank or the State. The Executive Director and the Chair of the Infrastructure Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized and directed to execute, in the name and on behalf of the Infrastructure Bank, by manual or facsimile signature, the Bonds in accordance with and in the form set forth in the Indenture. The Bonds shall bear interest at the rates determined in accordance with the provisions of, mature and be subject to redemption as provided in, and be in the form set forth in the Indenture.

**Section 6.** The Bonds, when so executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds so delivered by executing the certificate of authentication appearing thereon and to deliver the Bonds, when duly executed and authenticated, to the Underwriter in accordance with written instructions executed on behalf of the Infrastructure Bank by the Executive Director or the Chair of the Infrastructure Bank, or the Chair's designee, which instructions said official is hereby authorized and directed, for and in the name of and on behalf of the Infrastructure Bank, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Underwriter upon payment of the purchase price therefor.

**Section 7.** Based upon representations made by the Corporation, the Board of Directors of the Infrastructure Bank hereby finds and determines that:

- (a) the Project is located in the State;
- (b) the Corporation is capable of meeting its obligations under the Loan Agreement;
- (c) the payments to be made under the Loan Agreement are adequate to pay all current expenses of the Infrastructure Bank in connection with the Bonds and to make all payments with respect to the Bonds when due;
- (d) the proposed financing is appropriate for the Project; and
- (e) the Project is consistent with any existing local and regional comprehensive plans.

The finding in subsection (b) above is based on the requirement that the Bonds will be secured by irrevocable direct-pay letters of credit issued by one or more of the Banks and rated in one of the three highest rating categories of Moody's Investors Service or Standard & Poor's Ratings Services, without regard to numerical or other qualifiers.

**Section 8.** The Board of Directors of the Infrastructure Bank hereby finds and determines that the proposed financing complies with the criteria, priorities and guidelines adopted by the Infrastructure Bank pertaining to the conduit issuance of revenue bonds.

**Section 9.** The Executive Director and the Chair of the Infrastructure Bank, or the Chair's designee, and each of them, acting alone, is hereby authorized to execute all documents, certificates and instruments necessary or appropriate to this transaction and the issuance and sale of the Bonds.

**Section 10.** All actions heretofore taken by the officials and agents of the Infrastructure Bank with respect to the approval, issuance and sale of the Bonds are hereby approved, confirmed and ratified, and the officials of the Infrastructure Bank and their authorized designees are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all certificates and documents that they, their counsel or bond counsel may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution.

**Section 11.** This Resolution shall take effect from and after its adoption.


PASSED, APPROVED, AND ADOPTED at a meeting of the Board of Directors of the California Infrastructure and Economic Development Bank on March 27, 2008, by the following vote:

AYES: Matteucci, Lujano, Saragosa, Rice


NOES: None

ABSENT: Genest

ABSTAIN: None

By   
Stanton C. Hazelroth, Executive Director

Attest:

By   
Roma Cristia-Plant, Secretary